

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-257-E - ORDER NO. 2008-500
JULY 23, 2008

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| IN RE: Application of Duke Energy Carolinas, LLC |) | ORDER APPROVING |
| - Carolinas Carbon Offset Program (SC) |) | CAROLINAS CARBON |
| Tariff |) | OFFSET PROGRAM (SC) |
| |) | TARIFF |
| |) | |
| |) | |

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the request of Duke Energy Carolinas, LLC (“Duke” or “the Company”) for approval of the Company’s Carolinas Carbon Offset Program (SC) tariff. If approved as requested by the Company, the tariff would have an effective date of August 1, 2008.

Under Duke’s proposal, the program will be available on a voluntary basis to any customer who desires to pay an additional \$4.00 per month for 500 pounds (a block or unit) of carbon offsets. Initially, the program will be provided through the NC GreenPower Program, which is North Carolina’s non-profit green power program administered by the North Carolina Advanced Energy Corporation (“NCAEC”). When Palmetto Clean Energy (“PaCE”) is ready to implement a carbon offset program in South Carolina, Duke intends to use PaCE for all of its South Carolina customers.

The tariff will allow customers to opt to purchase one or more units per month via their Duke electric service bill. Funds collected under the Program will initially be

transferred by Duke directly to NCAEC for use in purchasing carbon offset credits, which will be retired. Under the program, NC GreenPower will select a third party organization (such as Sterling Plant, Environmental Resource Trust, or 3 Degrees) to certify carbon offsets following the quality criteria promoted by the Environmental Defense Fund. Once certified, carbon offset providers will be compensated by NC GreenPower using funds collected under the program. Except for the certification requirement for carbon offset providers, this process, according to Duke, is very similar to the payment of subsidies to renewable energy generators under the Company's Palmetto Clean Energy tariff.

According to Duke, carbon offsets are a simple way for individuals and businesses to counterbalance the carbon emissions from their energy-using activities or their "carbon footprint" by supporting projects that reduce carbon dioxide. Duke states that its goal in offering this new option is to make it easy and affordable for every person or business to reduce their carbon footprint to zero, and have a positive impact on climate change now.

The Office of Regulatory Staff ("ORS") has reviewed the proposal and has no objection to it. ORS states that participation in this program will not result in any revenue increase to the Company, and has no impact on a customer's South Carolina jurisdictional retail electric service. Also, ORS notes that the program is voluntary and participation is at the sole discretion of the customer. ORS states that it continues to support such programs which help facilitate a reduction of greenhouse gas emissions.

S.C. Code Ann. Section 58-27-870 (F) (Supp. 2007) states that the Commission may allow rates or tariffs to be put into effect without notice and hearing upon order of

the Commission when such rates or tariffs do not result in any rate increase to the electrical utility. Clearly, this is the case with the present proposed tariff, as stated by ORS. Accordingly, we will proceed to rule on the case without notice or hearing.

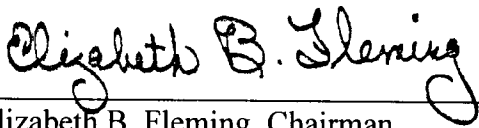
We approve the tariff, effective August 1, 2008. As Duke has stated, carbon offsets, as represented by the tariff, are a simple way for individuals and businesses to counterbalance the carbon emissions from their energy-using activities by supporting projects that reduce carbon dioxide. We agree that this tariff allows individuals and businesses to work toward accomplishing this goal. Further, we note that the program is strictly voluntary and participation is at the sole discretion of the customer. We do believe that the program may help facilitate a reduction of greenhouse gas emissions.

We do believe that the provision of the program initially by NC GreenPower is appropriate. However, when a similar program by PaCE becomes available in South Carolina, we hold that Duke should utilize the PaCE program as soon as possible. Further, in implementing the program, we hold that Duke should make clear to its customers that by participating in the program, the customers would not be getting “green electrons” as such, but would simply be attempting to counterbalance the carbon emissions from their energy-using activities by supporting projects that reduce atmospheric carbon dioxide levels.

Duke shall furnish ten (10) copies of the approved tariff to this Commission and ORS within ten (10) days of its receipt of this Order.

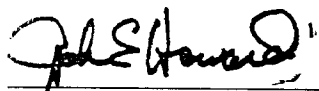
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Elizabeth B. Fleming, Chairman

ATTEST:



John E. Howard, Vice Chairman

(SEAL)